

Date Mailed  
May 10, 2001

BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

In the Matter of Wisconsin Electric Power Company's  
Request for Declaratory Ruling Approving a Proposed  
Plan to Increase Generation in Wisconsin

6630-DR-104

**NOTICE OF PREHEARING CONFERENCE**

<b>Prehearing Conference Date:</b>	<b>Tuesday, May 15, 2001 – 10:00 a.m.</b>
<b>Conference Location:</b>	<b>Public Service Commission, 610 North Whitney Way, Madison, WI</b>

This is a declaratory ruling proceeding on a petition filed by Wisconsin Electric Power Company on February 23, 2001. In the petition, Wisconsin Electric withdraws its November 29, 2000, request for declaratory ruling on the company's "Power the Future" proposal. In place of the earlier request, Wisconsin Electric seeks several determinations regarding its revised proposal, "Power the Future- 2."

The Public Service Commission initiated this docket by Notice of Proceeding dated March 6, 2001.

On May 8, 2001, the Commission issued its Order for Hearing in this docket and its Order to Reopen in the Wisconsin Energy/WICOR merger dockets, and on May 10, 2001, it is expected that the Commission will issue an Order to Consolidate. The commission has ordered expedited treatment of this docket.

As set forth in the May 8, 2001, Order for Hearing, the subject matter of the hearing is the following six issues from the March 6, 2001, Notice of Proceeding:

1. It is prudent for Wisconsin Electric to proceed with the development of PTF-2, including the new regulatory mechanism described [in the Petition] whereby new generation will be constructed and owned by a non-utility affiliate and leased to Wisconsin Electric.
2. It is prudent for Wisconsin Electric to agree to reimburse the affiliated non-utility generation company for pre-certification expenses which the generation company prudently incurs in construction of new generation facilities under PTF-2, to separately account for such expenses, and to report periodically

to the Commission regarding the level of such expenses and the schedule for further expenditures.

3. When the PTF-2 facilities are operational, it is reasonable for Wisconsin Electric to include such pre-certification expenses in the lease payments to the new generation affiliate.

4. In the event that it is prudent for the company to terminate PTF-2 due to a material change in the plan or the company's relevant circumstances, Wisconsin Electric may amortize over a period of time determined by the Commission and recover in rates pre-certification expenses paid to the affiliated non-utility generation company, to the extent the level of such pre-certification expenditures is reasonable.

5. Following issuance of a Certificate of Authority or a Certificate of Public Convenience and Necessity, it is reasonable for Wisconsin Electric to earn a current return on construction work in progress (CWIP) with respect to PTF-2 generation facilities.

6. All prudent expenditures by Wisconsin Electric in implementing PTF-2 fall within the reliability "carve-out" contained in the PSCW's order approving the merger of WICOR and Wisconsin Energy.

**NOTICE IS GIVEN** that the Commission will hold a prehearing conference on Tuesday, May 15, 2001, at 10:00 a.m. in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin, and continuing at times to be set by the presiding Administrative Law Judge.

The prehearing conference is being held to discuss any matters that will facilitate the hearing, including stipulations of fact, filing dates for prefiled testimony, discovery, prehearing memoranda, and final hearing dates.

Persons who consider themselves to be potential parties should participate in the prehearing conference. The Commission has received requests for party status from the entities listed on the attachment. The Commission will be ruling on these requests at the prehearing.

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the docket coordinator listed below.

Questions from the media may be directed to Jeffrey L. Butson, Public Affairs Director at (608) 267-0912.

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Questions from others regarding this matter may be directed to docket coordinator, Mary Kettle at (608) 267-2405.

Dated at Madison, Wisconsin, \_\_\_\_\_

By the Commission:

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David C. Whitcomb  
Administrative Law Judge

DCW:na:g:\notice\pending\6630-DR-104 Prehearing Conf.doc  
Attachment

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**The Commission has received requests for party status from the following:**

Badger Generation Company, LLC

Calpine Corporation and SkyGen Energy LLC

Citizens' Utility Board (CUB) and Wisconsin Community Action Program Assn.

Customers First! Coalition

Dairyland Power Cooperative

International Union of Operating Engineers, Local Union #317

Madison Gas and Electric Company

Midwest Independent Power Suppliers Coordination Group

Municipal Electric Utilities of Wisconsin

RENEW Wisconsin

Wisconsin Environmental Decade and Renew Wisconsin

Wisconsin Federation of Cooperatives

Wisconsin Industrial Energy Group

Wisconsin Initiative Seeking Energy Reform

Wisconsin Merchants Federation and the National Federation of Independent Business

Wisconsin Paper Council

Wisconsin Power and Light Company

Wisconsin Public Power Inc.

Wisconsin State AFL-CIO, the Milwaukee Building & Construction Trades Council, and the International Brotherhood of Electrical Workers Locals 2304 and 2150

Xcel Energy, Inc.